



*City of Alexandria, Virginia***MEMORANDUM**

DATE: May 5, 2010

TO: The Honorable Mayor and Members of City Council

VIA: James K. Hartmann, City Manager 

FROM: Tom Gates, Assistant City Manager 

SUBJECT: Recommendations for Torpedo Factory Art Center Governance

This memorandum offers a recommendation for the establishment of a governance structure to oversee operations of the Torpedo Factory Art Center (TFAC). Staff proposes to add this issue as a topic of discussion to the May 11, City Council work session. At that time staff and members of the work group who prepared these recommendations can answer questions from Council members. On May 18<sup>th</sup>, the Alexandria Commission on the Arts will host a community forum to discuss the findings of the MAI study of the Torpedo Factory. Staff expects the issue of TFAC governance will be part of that discussion.

***Background***

In April, 2009, the City's Economic Sustainability Implementation Monitoring Group requested the Torpedo Factory Artist Association (TFAA) and City staff produce an operational assessment of the Torpedo Factory Arts Center (TFAC). The assessment was to consider TFAC's contribution to the economic and cultural vitality of the City and, as appropriate, make recommendations for improvement. A project steering committee consisting of City and TFAA representatives was formed, a project scope of work prepared, and a consultant for the project was secured. Management Analysis Inc (MAI) was selected to conduct the study. The findings of MAI were presented to City Council and members of the Economic Sustainability Implementation Monitoring Group during a February 2010 joint work session.

At the conclusion of the February work session, Council requested that staff consider how one of the key findings of the MAI report, revision to the TFAC governance structure, might be implemented. Revision of the TFAC governance model was identified by MAI as a critical first step in the implementation of their remaining recommendations. MAI offered that for the TFAC to excel in the future, engaging external stakeholders in governance of the facility is necessary. The TFAA, via a lease agreement with the City, is currently charged with operation and administration of the

facility. MAI suggests however that TFAA’s focus be re-directed to their core purpose of creating and promoting quality art.

Following are recommendations on TFAC governance developed through a series of discussions with community stakeholders. The suggestions represent a consensus opinion of those who participated. Participating in the development of these recommendations were the following organization representatives:

Pat Miller	Commission on the Arts
Lonnie Rich	Economic Sustainability Implementation Monitoring Group
Rosemary Covey	Torpedo Factory Artists Association
Susan Sanders	Torpedo Factory Artists Association
Robert Hannigan	Alexandria Chamber of Commerce
Alisa Carell	City’s Office on Cultural Affairs
Tom Gates	City Manager’s Office

***Recommendations***

As is noted in the MAI report “*a fundamental change in governance to a mixed board with more community participation is recommended to manage the facility and implement long-term improvement.*” In keeping with this sentiment, it is suggested that City Council consider establishing the Torpedo Factory Art Center Board (TFACB), an oversight body charged with the administration and management of the TFAC. Detailed information suggesting the arrangement (size and composition) of the Board, the roles and responsibilities of the TFACB, and the roles and responsibilities of the TFAA in this proposed model of governance is provided below. It is important to note that statements about the responsibilities of the TFAA are not intended to comprehensively address their obligations as a membership organization but instead are included only where clarification of the relationship between the proposed Board and the TFAA is deemed necessary.

The recommendations included here are not exhaustive of all issues to be addressed in defining the roles and responsibilities of the TFACB or in delineating responsibilities of the TFACB and TFAA. There remains a significant amount of detail to be considered and addressed. However, more specific statements of board functioning are perhaps appropriately left to the appointed oversight board working in conjunction with the TFAA and within the framework proposed here.

**Proposed Composition of the Torpedo Factory Art Center Board (TFACB)**

**Board Size** – Nine voting and three ex-officio members.

**Board Appointment** – Membership appointed by City Council, Chair appointed by TFACB

**Board Term** – Staggered three year terms

**Board Composition** – Membership to include a cross section of individuals representing the arts community, business community and City government as follows:

- Six appointed at-large members representing a diversity of business expertise which may specifically include experience in marketing, retail/commercial facility management, public relations, and arts facility management
- Three members from the Torpedo Factory Artists Association
- An appointee of the City Manager - ex officio
- A representative of the Alexandria Convention and Visitors Association – ex officio
- A representative of the City of Alexandria’s Commission on the Arts – ex officio

*Proposed Roles and Responsibilities of the Torpedo Factory Art Center Board (TFACB)*

**Hours of Operation** – The TFACB should determine the facility’s hours of operation and should have the ability to alter the hours of opening and closing when determined to be in the best interest of facility operation. The TFACB should have no direct authority to determine the hours of operation for any given artist studio, gallery or other leaseholder of the Torpedo Factory Art Center (TFAC), such determinations to be made by the Torpedo Factory Artists Association (TFAA).

**Staffing and Supervision of Staff** – The TFACB should retain a Chief Executive Officer charged with responsibility for the supervision and management of all staff associated with the administration and operation of the TFAC. The TFACB may delegate authority to the CEO as it determines in the best interest of the facility’s operation. The TFAA should be consulted in the hiring and selection process of a CEO but should not have veto authority over a TFACB approved selection.

**Marketing and Promotion of the Torpedo Factory** – The TFACB should have primary responsibility for marketing of the TFAC as a premier art center destination and coordinating the marketing and promotion of the TFAC with other marketing efforts designed to promote the City of Alexandria as a destination. The TFACB should have no authority over the marketing and promotion of individual artists work and professional pursuits or the promotion of the TFAA as a membership organization or entity.

**Space Utilization, Common Space Rental, Lease Negotiation** – The TFACB should have responsibility for determining the most effective utilization of TFAC space. TFACB determinations which affect artist’s studio space should be conducted in consultation with the TFAA and generally considerate of artistic need. The Board should negotiate and execute all agreements for use of TFAC common space including all space employed for special events, private engagements, public purposes and other uses. The TFACB shall negotiate a master lease agreement with the TFAA for use of the Torpedo Factory artist

studios and gallery space which shall include the determination of an annual lease rate and any ancillary expenses (ie. utilities) as is warranted. The TFACB/TFAA negotiated master lease of the facility should be subject to approval by the City (landlord/owner).

**Facility Budgeting and Management** – The TFACB should produce annually, upon the recommendation of the CEO, a budget for operation of the TFAC and should include in the annual spending plan detail of all revenues and expenses necessary for the proper operation of the TFAC.

**Facility/Building Management** – The TFACB should provide for the regular maintenance and security of the TFAC, ensure the availability of all utilities and services necessary for utilization of the facility and generally insure the facility is a clean, safe, attractive and enticing environment for tenants, visitors, and renters.

**Operational Rule Making** – The TFACB should have the authority to establish those rules necessary for the effective and efficient operation of the Torpedo Factory Art Center provided those rules are not in conflict with any requirement, rule or directive of the City of Alexandria or inconsistent with any conditions expressed in an executed TFAA lease agreement. The rule making authority of the Board may include defining standards for the contribution of facility-housed artists to the TFAC mission as a premier art center, visitor destination, educational institution and economic generator of the City.

**Performance Measurement and Reporting** – The TFACB should be responsible for identifying, collecting and regularly reporting on metrics describing the economic, cultural and educational quality of the Torpedo Factory.

#### *Proposed Roles and Responsibilities of the Torpedo Factory Artists Association (TFAA)*

**Governance and Administration of the TFAA Organization** – The TFAA will be governed and administered according to the by-laws of the member organization. The TFAA should elect individuals to head the organization, shall organize committees and groups of members as it determines appropriate and should generally work in promotion of the artistic and educational mission of the TFAA. Governance and administration of the TFAA should not be subject to the authority of the TFACB.

**Quality of Art Production** – The TFAA will be responsible for defining standards of artistic quality and shall employ the means it deems appropriate, including jurying or other discriminating processes for selection, in determining the suitability of artwork and artists to be produced, displayed, and marketed in association with the TFAC.

**Rule Making (By Laws)** – The TFAA should make those rules necessary for the efficient and effective operation of the organization and may alter those rules from time to time and as they determine in the best interest of the association and its membership.

**Eligibility for Space** – The TFAA should determine the basis upon which an artist may be admitted to the membership organization and become eligible for TFAC studio space. Determinations of eligibility for admission to the TFAA and TFAC shall not be a guarantee of space. The utilization of TFAC space and the assignment of space should be the purview of the TFACB subject to consultation with the TFAA and consideration of artist need.

**Advisory to the Board** – The TFAA may serve in an advisory role to the TFACB. The TFAA advisory function may include: 1) recommending participants and/or the staffing of TFACB created committees; 2) providing recommendations on employment of TFAC staffing; 3) assisting in the definition of standards for artist contribution to the TFAC mission, and 4) serving as advisor on any other issue or matter of importance as requested by the TFACB.

**Exhibitions, Displays, Openings and Presentations** – The TFAA should have sole responsibility for the organization, production and quality of any exhibits, displays, openings, presentations or other similar demonstrations of artistic work within in the Torpedo Factory facility including its galleries but exclusive of common space. Demonstrations of artistic work or performance requiring use of the TFAC common space should be subject to scheduling of the TFACB.

**Educational and Educational Outreach** – The TFAA should be responsible for defining and ensuring the educational mission of the TFAC and for performing educational outreach consistent with their organizational mission.

**Marketing of Artists and Artistic Work** – The TFAA and its members should be responsible for the marketing of individual artists and artistic works. The TFAA should, as requested by the TFACB, cooperatively market the Torpedo Factory and coordinate marketing efforts undertaken by the TFACB and TFAA.

### *Fiscal Impact*

Recommendations regarding administration and operation of the TFAC include suggestions for establishment of a CEO or similar position to which the proposed TFACB may delegate responsibilities. In the proposed structure, the TFACB is also charged with functional responsibility for space management, special events coordination, marketing, utilities, maintenance and security, etc. Each of these activities likewise suggests a need for staffing. Consequently, the TFACB must have some source(s) of revenue with which it may carry out its responsibilities.

The TFAA, as the entity currently responsible for TFAC operation employs staff to provide many, if not all, of the services anticipated to be provided by the TFACB. The TFAA derives funding to provide for these services from several sources including special events, building rentals, sales and membership dues. In total, the TFAA budget is approximately \$900,000 per year.

The recommendations on governance structure presume that as the responsibility for and expense of facility operation is shifted from the TFAA to the TFACB, revenues derived from operation of the TFAC will similarly transfer. Sources of revenue diverting from the TFAA to the TFACB may include special event rentals, building rental, and some portions of revenue generated by sales. Dues paid by members of the TFAA are not expected to be transferred. A more complete financial model must be developed subsequent to the establishment of the TFACB, however, it is expected that the initial transfer of responsibilities should have no fiscal consequence.

I am pleased to answer any questions or provide additional information as needed.